B.C. PAVILION CORPORATION

ANNUAL REPORT
April 1, 2009 to March 31, 2010

PAVCO

BRITISH COLUMBIA

TABLE OF CONTENTS

MESSAGE FROM THE CHAIR TO THE MINISTER RESPONSIBLE 3

ACCOUNTABILITY STATEMENT 5

ORGANIZATIONAL OVERVIEW 6

CORPORATE GOVERNANCE 8

REPORT ON PERFORMANCE 11

PROGRESS AGAINST SHAREHOLDER'S LETTER OF EXPECTATIONS 21

FINANCIAL REPORT 23

INFORMATION ON OPERATING SEGMENTS 50

CONTACT INFORMATION 59

MESSAGE FROM THE CHAIR TO THE MINISTER RESPONSIBLE

David R. Podmore
Chair

I am pleased to present the Annual Report for B.C. Pavilion Corporation (PavCo) for the year ended March 31, 2010.

PavCo's mandate is to increase economic benefit to British Columbia through the operation of British Columbia's premier event facilities: BC Place Stadium (BC Place) and the Vancouver Convention Centre.

The past year has been exceptional for PavCo, with the opening of the expanded Vancouver Convention Centre, and also the hosting of events for the 2010 Olympic and Paralympic Winter Games. Images of Vancouver and PavCo's facilities were seen around the world for Olympic events during two weeks in February 2010, and later for the opening of the Paralympic Games. Media coverage from these events has provided significant opportunity for PavCo to secure new business for its facilities, which in turn will bring expanded growth and prosperity to British Columbia.

PavCo met its financial targets for the year, and operated within Shareholder approved funding levels. Operating revenues at $41.6 million were the highest in the Corporation's history.

"The International Congress and Convention Association has ranked Vancouver as North America's top destination for international meetings."

- *Vancouver Sun - June 2009*

Capital investment of $122 million was applied towards the Vancouver Convention Centre expansion, renovations to the existing Centre at Canada Place, as well as upgrades and event improvements at BC Place.

Vancouver Convention Centre attained the LEED Platinum designation from the Canada Green Building Council, and also received awards for sustainability and excellence.

The number of out-of-province delegates at the Vancouver Convention Centre was higher than for the previous year, but effects of the world-wide economic downturn reduced the number of delegates from budget. This in turn resulted in lower than expected economic impact to British Columbia. Due to the long lead time in booking major convention events, there were however, no significant event cancellations during the year. Revenue shortfalls from convention activity were largely offset by increased meeting and banquet business.

During the year, final approval was received to proceed with the replacement of the roof of BC Place. The 27 year old structure was taken out of service in April 2010, and the new retractable roof is scheduled for completion in summer 2011.

The expansion of the Vancouver Convention Centre opened for

"PavCo's mandate is to increase economic benefit to British Columbia through the operation of British Columbia's premier event facilities."

business as markets were reeling from the worldwide economic downturn. The new Centre attracted very positive media attention and business activity during its first six months of operation. Convention bookings are exceptionally strong for the next two years, and will be the busiest in British Columbia's history.

As activity from convention centres stimulates regional and provincial economies, and their business models are environmentally sound, competition to attract conventions is intense. PavCo continues to work with its partners in tourism to secure new activity for 2012 and beyond.

Revitalization of BC Place will create opportunities to develop a new business model for the facility, including generating increased sporting activity, and developing more concerts and entertainment programs.

After reopening of the revitalized BC Place in 2011, PavCo will have experienced a significant change in its operations and profile from just over one year ago. Going forward, it will oversee integrated operations of the highest environmentally rated convention centre in North America, along with a renewed and competitive multi-use stadium and gathering place.

On behalf of the Board of Directors, I would like to express thanks to Minister Kevin Krueger, who has provided great support for PavCo and has been a champion for its facilities and programs. I also thank management and staff for their contribution to the organization and its continued success.

ACCOUNTABILITY STATEMENT

The 2009/10 PavCo Annual Report was prepared under my direction in accordance with the Budget Transparency and Accountability Act, and the BC Reporting Principles. I am accountable for the contents of the report, including what has been included in the report and how it has been reported.

The information reflects the actual performance of PavCo for the 12 months ended March 31, 2010, in relation to the February 2009 Service Plan and September 2009 Service Plan Update. The measures presented are consistent with PavCo's mandate, goals and strategies, and focus on aspects critical to PavCo's performance.

I am responsible for verifying that internal controls are in place to ensure information is measured accurately and in a timely fashion.

All significant decisions, events and identified risks, as of June 11, 2010, have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgment of management. Any changes in mandate, direction, goals, strategies, measures or targets made since the September 2009 Service Plan Update was released and any significant limitations in the reliability of data are identified in the report.

Dave Podmore
David Podmore
Chair of the Board

ORGANIZATIONAL OVERVIEW

Corporate Summary

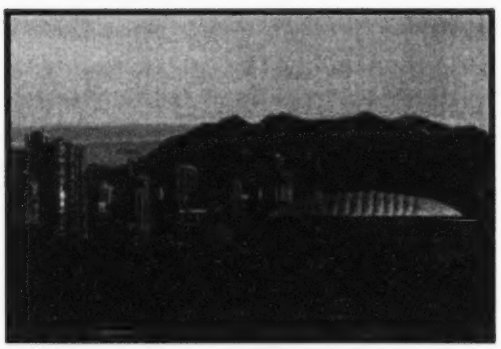
B.C. Pavilion Corporation was formed under the *British Columbia Business Corporations Act*, and acts as an agent for the government under the *British Columbia Enterprise Corporations Act*. B.C. Pavilion Corporation registered PavCo as a business name under the *Partnership Act (British Columbia)*.

PavCo has developed a reputation for excellence in the marketing and management of public facilities. Its facilities are operated to realize maximum economic benefit while optimizing financial performance. PavCo owns and operates BC Place Stadium (BC Place) and the expansion to the Vancouver Convention Centre (Convention Centre). PavCo operates the east building of the Convention Centre under a lease with Canada Place Corporation, a Federal Crown Corporation. PavCo's corporate office, BC Place, and the Convention Centre are all located in downtown Vancouver.

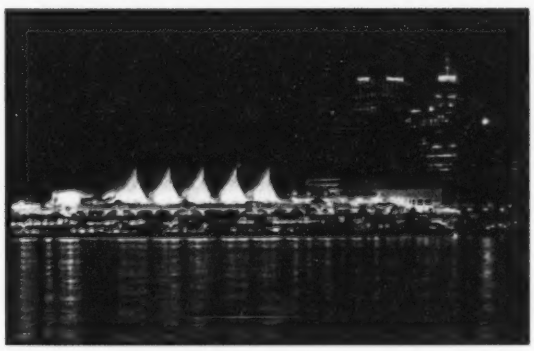
Through its activities, PavCo contributes to the growth of the tourism industry, as many out-of-town clients travel throughout British Columbia after attending events at its facilities. The newly expanded Convention Centre is the provincial flagship for conventions and leads initiatives to generate convention business throughout the Province. BC Place is the largest indoor gathering place in British Columbia and provides support to industry as a venue for trade and consumer shows, as well as being a major sports and entertainment centre.

BC Place is currently undergoing a major revitalization and roof replacement project. The refurbished stadium along with the redevelopment of the surrounding areas will continue providing long term economic benefit to the Province of British Columbia.

Principal stakeholders of PavCo include the Provincial Government; the Government of Canada and Tourism Vancouver as contributing partners to the expanded Convention Centre; businesses and associations representing the tourism and hospitality industry; clients leasing space for commercial activity and renting space for events; suppliers of goods and services to events; and the general public who attend events.



BC Place



Vancouver Convention Centre

ORGANIZATIONAL OVERVIEW

As a facility operator, PavCo contracts many event functions to third parties in order to achieve the most effective service delivery model. The most significant contracts are with Servomation Inc. (doing business as Centerplate), which provides food services at both BC Place and the Convention Centre.

As a customer-driven organization, PavCo continuously measures the satisfaction of clients and guests at its facilities. This includes rating satisfaction of the sales process, the services provided and the overall experience that patrons have enjoyed while visiting the facilities. The results are monitored and acted upon promptly, as PavCo's long-term reputation within the event business could be at risk if left unattended.

PavCo's Vision, Mission and Values can be referenced at http://www.bcpavco.com/index.html.

B.C. Pavilion Corporation has registered 'PavCo' as a business name under the *Partnership Act (British Columbia)*.

CORPORATE GOVERNANCE

The Board of Directors provides leadership and direction to the organization in a manner consistent with the policies and directives set out by the Provincial Government. The Board consists of ten members, all independently appointed by the Shareholder.

Governance matters are communicated to the Board through the Shareholder's Letter of Expectations. This letter is an agreement of the respective roles and responsibilities of each and serves as the basis of agreement between the Shareholder and PavCo, including the high-level performance expectations, public policy issues and strategic priorities.

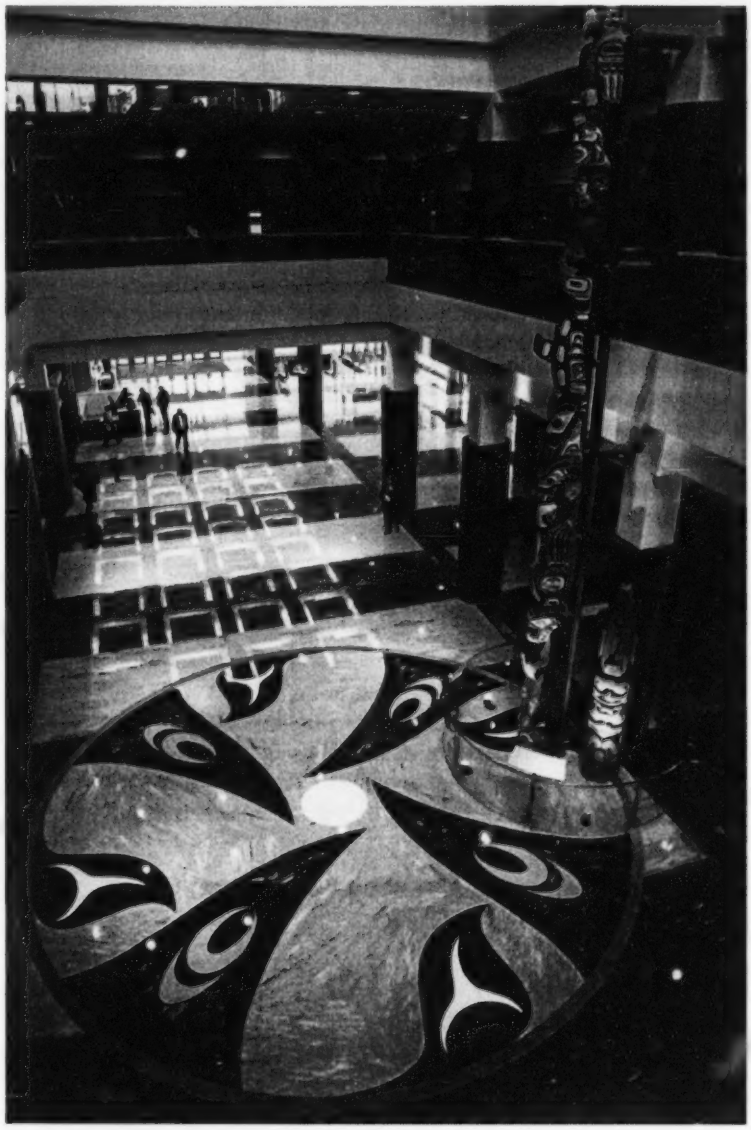
The Shareholder's Letter of Expectations between the Shareholder and PavCo, against which progress is being reported, was dated January 13, 2009 and can be found on the PavCo website at www.bcpavco.com.

PavCo's Board is comprised of the following members:

David Podmore (Board Chair)

Mark Andrew	Derek Brindle
Peter Brown	Bob Bryant
Susan Gomez	John Horning
Miriam Kresivo	Terry Lyons
Grant Ritchie	

Biographies of the Board Members are published on PavCo's website at www.bcpavco.com/team.html.



"Governance matters are communicated to the Board through the Shareholder's Letter of Expectations."

CORPORATE GOVERNANCE

The Board has five Standing Committees:

Committee	Members	Role
Audit	Terry Lyons John Horning Miriam Kresivo	Oversee the financial reporting process. Review financial statements, audit plans, reports and controls with Auditors.
Construction	David Podmore Derek Brindle Peter Brown Terry Lyons Grant Ritchie	Monitor all major capital construction work and oversee transition to the operational phase, including integration of the renovated Convention Centre and its expansion. Oversee the planning, implementation and construction of the roof replacement and other upgrades to BC Place.
Corporate Governance	Miriam Kresivo John Horning Terry Lyons	Monitor governance, Board effectiveness, staffing, compensation issues and the implementation of all structural changes to the organization.
Finance	Peter Brown Mark Andrew Miriam Kresivo	Monitor financial policies, reporting, conflicts of interest, financial budgets, forecasts, risk management and other related matters.
Marketing & Communications	Bob Bryant Mark Andrew Susan Gomez	Monitor and advise on effective external communications policies and protocol for the organization. Provide overall direction and development of the sales and marketing process for the organization.

All Committees review and develop policy in their specified areas and make recommendations to the Board. The Board of Directors has a quarterly meeting schedule, prepared in advance of each calendar year, and the Committees meet as required.

PavCo has developed a comprehensive charter of Board activities, as well as several terms of reference and policies in accordance with the Province's Board Resourcing and Development Office's *Best Practice Guidelines*. These can be found on PavCo's website at www.bcpavco.com/resources.

The principles included in the Provincial Government's Governance Framework provide an understanding of the roles and responsibilities for all parties that are part of the Crown Corporation Governance Environment:

- stewardship, leadership and effective functioning of the board
- clarity of roles and responsibilities
- openness, trust and transparency
- service and corporate citizenship
- accountability and performance
- value, innovation and continuous improvement

CORPORATE GOVERNANCE

PavCo's operating divisions and senior management team are:

Corporate Services
Warren Buckley, President and Chief Executive Officer [1]
John Harding, Chief Financial Officer and Corporate Secretary [1]
Krista Freeman, Director of Finance [1]

BC Place
Howard Crosley, General Manager [1]
Brian Griffin, Director, Construction
Graham Ramsay, Director, Business Development
Harvey Repp, Director, Operations

Vancouver Convention Centre
Ken Cretney, General Manager [1]
David Heidt, Vice President, Business Administration
Claire Smith, Vice President, Sales and Marketing
Catherine Wong, Vice President, Operations

[1] Corporation Officers

"Known for their leadership in the exhibition, trade, meeting and event industries, our Management Teams have a genuine commitment to excellence and a global perspective on what our local, national and international clients need."

– www.bcpavco.com

REPORT ON PERFORMANCE

PavCo completed Fiscal 2009/10 with record revenues on its ongoing operations. Much of PavCo's ongoing business is either from repeat clients, or has been booked for conventions several years in advance of occurrence. With this base business, through excitement generated by opening of the expanded Convention Centre, and also the 2010 Olympic and Paralympic Winter games, PavCo was able to maintain a favourable event schedule for the year.

PavCo generated $231 million in economic benefits from its ongoing operations during Fiscal 2009/10, compared to target benefits of $367 million and Fiscal 2008/09 benefits of $216 million. At BC Place, the benefits were higher than target but lower than those of the prior year, as a result of a reduced operating schedule. At the Convention Centre, benefits were lower than target due to fewer out-of-province visitors at events as the economic downturn continued. Benefits reported exclude those generated through Olympic activity, as these are recorded elsewhere by government.

Following the opening of the expansion of the Convention Centre, the existing facility at Canada Place was closed for renovations. New business generated by the expansion brought a considerable increase in revenues to PavCo. Due to the redirection of rental revenues towards capital programs at BC Place, overall operating revenues for PavCo fell short of budget for the year.

The regular business schedule at BC Place was interrupted for much of the year by construction and event readiness preparation activities, and later through occupancy by VANOC for ceremonies and nightly events for the Winter Olympic Games. Although the BC Lions did not secure a play-off game during the year, BC Place picked up two major concerts – AC/DC, and U2.

PavCo's major client during the year was VANOC, which occupied BC Place from November 2009 to March 2010, the Convention Centre west building from September 2009 to March 2010, and the Convention Centre east building from November 2009 to March 2010. Following the 2010 Olympic and Paralympic Winter Games, business activity resumed as scheduled at the Convention Centre. At BC Place, after one final consumer show, preparations commenced for replacement of the air-supported roof.

As a result of VANOC's occupancy at PavCo's facilities, some long-standing consumer show clients were unable to hold their regularly scheduled events. Where feasible, these events were rescheduled or moved to other venues.

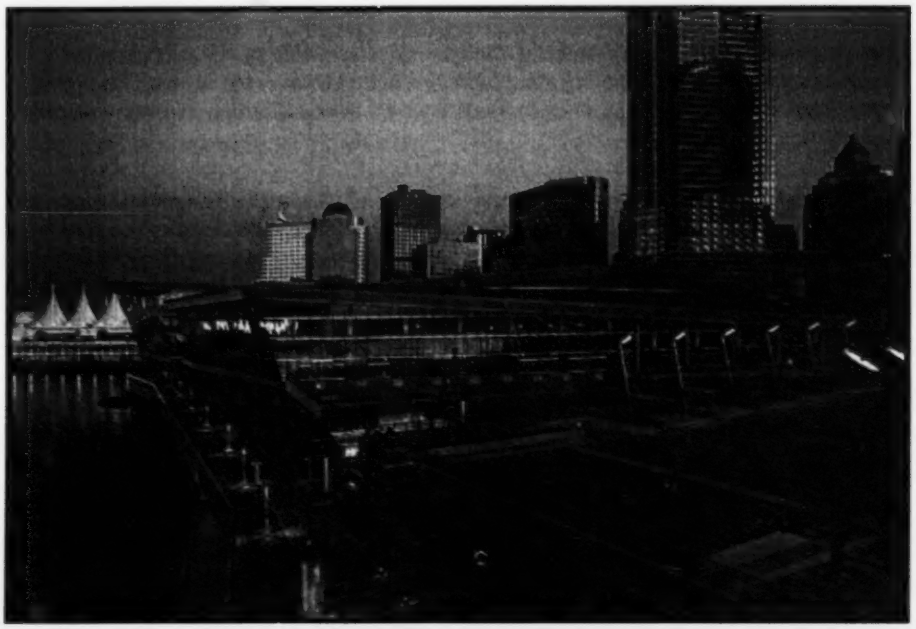
Replacement of the sails at the Convention Centre east building will take place from July 2010 through February 2011, and the roof at BC Place through summer of 2011. Where possible, clients displaced by the construction will be relocated elsewhere. For sporting and entertainment events, a temporary stadium with seating for over 27,000 guests has been built at the Pacific National Exhibition grounds in Vancouver. The temporary stadium will be operational until BC Place construction is complete.

PavCo's revitalized facilities are providing opportunities to engage future new business opportunities from around the world. A comprehensive international sales and marketing campaign that commenced in 2008 will continue through 2011. PavCo is pursuing the Shareholder's direction to triple delegate attendance at the Convention Centre by 2015.

Similar to other facilities worldwide, market rental rates at BC Place and the Convention Centre are such that revenues from operations are insufficient to cover operating and capital expenses. The resulting shortfalls are covered by contributions from the Ministry of Tourism, Culture and the Arts, and represent a small proportion of the overall economic benefits generated through PavCo's operations.

REPORT ON PERFORMANCE

PavCo directly, and through its contracts, engages over 1,500 persons at its facilities to provide services to guests. Many of these employees work on a part-time basis, as their employment hours are based on event schedules. At BC Place in particular, it is difficult to recruit and retain event staff on a long-term basis due to the changing work schedules at certain times of the year and more guaranteed work elsewhere. During construction at BC Place, employment opportunities will be available for part-time event staff at the temporary stadium at the PNE.



REPORT ON PERFORMANCE

Strategic Goals

PavCo has the following strategic goals:

1. Maximize revenues and economic growth, and use funding in a manner that provides optimum return to the Shareholder;
2. Maintain and increase client services and satisfaction;
3. Maintain and improve the facilities under our management;
4. Increase innovation, learning, and growth; and
5. Effectively manage major capital work budgets, scope and schedules.

Performance Measures and Targets

Goal 1 – Maximize revenues and economic growth, and use funding in a manner that provides optimum return to the Shareholder.

We strive to achieve our mandate, which is to generate economic and community benefit for the people of British Columbia through the prudent management of public facilities. The events held at our facilities support British Columbia's business and leisure tourism industry, as well as its trade development infrastructure. Our clients and guests from out-of-province fill hotel rooms, patronize provincial businesses, and conduct pre- and post- event activities throughout the Province.

PavCo also strives to meet its financial targets each year to ensure financial sustainability and to minimize its reliance on Shareholder funding.

It is important for PavCo to maximize private sector revenue and to use the funding provided in the areas most likely to generate long-term economic benefits to British Columbia and profitability to the organization.

Key Strategies

Improve the return to the Shareholder on its investment in PavCo's facilities primarily through:

- creating a compelling vision and model for marketing the Convention Centre
- seeking events from out-of-province which will generate the maximum amount of economic benefits to our community
- seeking and creating high-profile events that will promote growth and support for British Columbia's business base
- pursuing global markets for long-term growth
- diversifying markets to stabilize long-term business
- repositioning our facilities as being more flexible to users; and
- increasing operational efficiencies

REPORT ON PERFORMANCE

Goal 1 – Measure 1 **Compare economic benefits generated (in $millions)**					
Past Performance		**2009/10 Performance** (target per 2009/10 to 2011/12 Refreshed Service Plan) [i]		Future Performance (per 2010/11 to 2012/13 Service Plan)	
2007/08	2008/09	**Target**	**Actual**	2010/11	2011/12
Economic output from out-of-province visitors					
Convention Centre $225	$192	**$354**	**$215**	$699[ii]	$823
BC Place $22	$24	**$13**	**$16**	$0[iii]	$26

(i) Benefits generated during Fiscal 2009/10 do not include those from the 2010 Olympic and Paralympic Winter Games, as these benefits are recorded elsewhere by Government.

(ii) Future forecasts for the Convention Centre will increase due to commencement of full operations of the expansion to the facility. Fiscal 2009/10 results were affected by closures for refurbishment of the east building.

(iii) There will be no direct economic impact generated through BC Place operations in Fiscal 2010/11 as the facility will be closed for the year. However it is estimated that 3,000 person years of employment years will be generated through the roof replacement project.

The economic impact of $215 million generated from activity at the Convention Centre was $139 million less than the Fiscal 2009/10 target, due to fewer non-resident delegates attending events than expected. The number of events held at the Convention Centre was close to expectation, but due to the worldwide economic downturn, there were fewer out-of-province attendees than target.

Economic impacts are calculated based on: surveyed or estimated expenditures by organizers and visitors at events in our facilities; subsequent spending in the Province following the event; and the multiplier effect through the economy of such spending. Estimates for future years have been prepared by PavCo management based on anticipated attendance and activity at the facilities.

Unlike many other convention centres, the Convention Centre calculates only the economic impact that arises from non-resident delegate and organizer spending rather than overall spending by both local and non-resident delegates.

The Convention Centre compares favourably with Canadian, US and international centres when adjusted for the size of rentable space. Metro Toronto Convention Centre (576,000 sq. ft.) reported total direct expenditures of $82 million (per 2008 Annual Report), and the Washington State Convention Center (306,000 sq. ft.) reported out-of-state delegate spending of $242 million (per 2009 Annual Report).

REPORT ON PERFORMANCE

Goal 1 – Measure 1

Compare economic benefits generated (in $millions)

Gross domestic product from events at the Vancouver Convention Centre

Past Performance		2009/10 Performance (target per 2009/10 to 2011/12 Refreshed Service Plan) [i]		Future Performance (per 2010/11 to 2012/13 Service Plan)	
2007/08	2008/09	Target	Actual	2010/11	2011/12
$74	$65	$107	$73[ii]	$216[iii]	$240

(i) The Convention Centre was the Broadcast and Media Centre for the 2010 Olympic and Paralympic Winter Games. Fiscal 2009/10 targets did not include estimates of benefits generated during the period of Olympic occupancy.

(ii) The Convention Centre's economic output and GDP in Fiscal 2009/10 was lower than target as a result of fewer out-of-province attendees at events than forecast, as the downturn in the US economy continued.

(iii) Benefits will increase in Fiscal 2010/11 as it will be the first year of full operations for the expanded Convention Centre.

Economic impact from all spending from events at BC Place

Past Performance		2009/10 Performance (target per 2009/10 to 2011/12 Refreshed Service Plan)		Future Performance (per 2010/11 to 2012/13 Service Plan)	
2007/08	2008/09	Target	Actual	2010/11	2011/12
$63	$63	$46	$40	$0[i]	$72

(i) No economic impact will be generated in Fiscal 2010/11, as BC Place will be closed for replacement of the air supported roof for the entire year. However it is estimated that 3,000 person years of employment years will be generated through the roof replacement project.

In Fiscal 2009/10, BC Place generated $40 million in economic impact from all spending. This figure does not include economic impact arising from the hosting of the 2010 Olympic Winter and Paralympic Games events at the facility. The reduction from the target is due to lower attendance at sporting events and cancellation of a rock concert.

Goal 1 – Measure 2

Increased non-resident delegate days at the Vancouver Convention Centre [i]

Past Performance		2009/10 Performance (target per 2009/10 to 2011/12 Refreshed Service Plan)		Future Performance (per 2009/10 to 2011/12 Service Plan)	
2007/08	2008/09	Target	Actual	2010/11	2011/12
147,119	126,799	233,000	128,390[ii]	452,000[iii]	522,000

(i) Per KPMG 2002, a "non-resident delegate" is a delegate originating from (or normally residing) outside of the Province of British Columbia. "Non-resident delegate days" is the aggregate number of days that a non-resident delegate attends events at the Convention Centre.

(ii) Delegate attendance in Fiscal 2009/10 was lower than target due to the continuing effects of the worldwide economic downturn. There was no significant cancellation of events, but attendance at the events that occurred attracted fewer participants than budgeted. Attendance numbers do not include media for the 2010 Olympic and Paralympic Winter Games,

(iii) Non resident delegate attendance will increase in Fiscal 2010/11, as it will be the first full operating year for the expanded Convention Centre.

REPORT ON PERFORMANCE

Goal 1 – Measure 3

Increased attendance – BC Place

Past Performance		2009/10 Performance (target per 2009/10 to 2011/12 Refreshed Service Plan)		Future Performance (per 2010/11 to 2012/13 Service Plan)	
2007/08	2008/09	**Target**	**Actual[i]**	2010/11[ii]	2011/12[iii]
998,000	943,000	**1,303,000**	**1,270,000**	0	968,000

(i) Attendance for Fiscal 2009/10 included the Opening and Closing Ceremonies for the 2010 Winter Olympic Games, the Opening Ceremonies for the Paralympic Games, and nightly Medal Ceremonies. Lower attendance at the nightly Medal Ceremonies was the main reason for the attendance shortfall.

(ii) No attendance is budgeted for Fiscal 2010/11, as BC Place is closed for replacement of the air-supported roof.

(iii) BC Place is expected to resume business operations during summer 2011. Attendance for Fiscal 2011/12 will not be for a full year of operations.

Attendance at BC Place events reflects the facility's importance as a gathering place for the people of British Columbia and visitors to the province. Accordingly, attendance is a key measure of the success of the facility and its clients. Attendance drives food and beverage sales and is the foundation for sponsorship revenue generation. In Fiscal 2009/10, 50% of attendance and 56% of the food and beverage revenues were generated from the 2010 Olympic and Paralympic Winter Games. BC Lions football provided the next highest level of attendance at 280,711 or 22% of the total, and 27% of all food and beverage sales.

Goal 2 – Maintain and increase client services and satisfaction.

By increasing the satisfaction of our customers, PavCo's reputation as an organization capable of attracting and producing world-class events will drive future attendance levels. This will further enable us to achieve our primary goal of maximizing economic and community benefits in British Columbia. Many of our guests from out-of-province spend extra time in the province post event, and often return with their families as tourists at a later date.

Key Strategies

- Continue to provide a high level of service to support retaining our customers;
- Work with our industry partners to attract guests who will bring the greatest amount of benefits to the local and provincial economies; and
- Promote our facilities as the preferred venues for client target markets.

REPORT ON PERFORMANCE

Goal 2 – Measure 1

Service quality survey scores

Past Performance		2009/10 Performance (target per 2009/10 to 2011/12 Refreshed Service Plan)		Future Performance (per 2010/11 to 2012/13 Service Plan)	
2007/08	2008/09	Target	Actual	2010/11	2011/12
Vancouver Convention Centre					
89%	90%	75%	87%	90%	90%
BC Place					
85%	78%	85%	82%	N/A[(i)]	85%

(i) BC Place will be closed for all of Fiscal 2010/11 so service quality can not be measured for that year.

Quality surveys are conducted with clients and guests at both facilities to determine client expectations and satisfaction levels. Wherever possible, both facilities improve service levels as a result of feedback. The event business is very competitive, and client satisfaction is critical.

Service quality scores were expected to decline at the Convention Centre as a result of: noise and disruption from nearby construction (including final finishing to the convention centre expansion, the east facility renovations and adjacent hotel development); and work on transportation infrastructure. Service quality scores stayed close to the previous years' results due to ongoing customer service initiatives by staff and the centre's suppliers.

Client satisfaction scores at BC Place fell short of target as the facility renovations continued. Some clients were adversely affected by the noise and other construction issues.

Client satisfaction is a measurement of all aspects of the client experience, from the overall condition of the facilities, to the availability and delivery of services, to costs. PavCo recognizes that it is far more difficult to replace clients than to keep them, and therefore endeavours to maintain and improve customer satisfaction.

Goal 2 – Measure 2

Percentage retention of existing business – BC Place

Past Performance		2009/10 Performance (target per 2009/10 to 2011/12 Refreshed Service Plan)		Future Performance (per 2010/11 to 2012/13 Service Plan)	
2007/08	2008/09	Target	Actual	2010/11	2011/12
95%	81%	48%	48%	N/A	95%

Most of the ongoing business at BC Place comes from a core group of clients. These clients depend on BC Place being able to provide fixed dates for their events well into the future.

The client retention rate fell significantly from historical levels due to the hosting of the 2010 Olympic and Paralympic Winter Games. The Games occupied most of the last five months of the fiscal year, including preparations, rehearsals, public days and move out. BC Place will strive to attract new business when it reopens in Fiscal 2011/12, and also to retain the majority of its existing business base.

REPORT ON PERFORMANCE

Goal 3 – Maintain and improve the facilities under our management.

PavCo will maintain its facilities to the best standard possible within available means in order to attract new clients. Maintenance, repair and improvement plans continue at both facilities, and work is ongoing to enhance targeted services. Continuous improvements to both properties will make them more competitive with other facilities and should result in an increase in overall occupancy and profitability.

Renovations at the Convention Centre east facility continued and BC Place completed significant interior and structural upgrades. Both facilities received high media attention during the 2010 Olympic and Paralympic Winter Games.

Key Strategies

- Implement repair and maintenance plans to improve the facilities under our management.

Goal 3 – Measure

Gross margin on events at BC Place

Past Performance		2009/10 Performance (target per 2009/10 to 2011/12 Refreshed Service Plan)		Future Performance[ii] (per 2010/11 to 2012/13 Service Plan)	
2007/08	2008/09	Target	Actual	2010/11	2011/12
37%	37%	24%[i]	25%	N/A	N/A

[i] The margin reduction for Fiscal 2009/10 was due to the 2010 Olympic and Paralympic Winter Games, where most revenues were from food services. Food services produce lower margins than some other revenue sources at the facility.

[ii] This performance measure is discontinued as a result of the facility closure for roof replacement, and major changes in event types and activities both before and after the closure. A comparison of event margins does not provide meaningful data to the reader.

Goal 4 – Increase innovation, learning and growth.

We strive to keep our employees' skills at optimum levels so that they can participate in our operations in a professional and meaningful way. The new skills that they acquire through their learning activities will position PavCo as a leading organization for innovation and creativity in its industry sector. We monitor training activity and measure the rate of staff retention.

Key Strategies

- Continue to support staff development in required skill areas, building capacity and motivation to achieve our strategic goals; and
- Implement a performance-contingent compensation system that attracts high performance staff.

Goal 4 – Measure **Employee involvement at BC Place**					
Past Performance		2009/10 Performance (target per 2009/10 to 2011/12 Refreshed Service Plan)		Future Performance (per 2010/11 to 2012/13 Service Plan)	
2007/08	2008/09	Target	Actual	2010/11	2011/12
78%	91%	86%	83%	N/A	75%

Employee involvement has been measured with retention of staff ratio. Retention of full time staff at BC Place is consistently high, whereas retention of part time staff is more difficult due to the seasonal nature of our event calendar, special events and shift work. The strength of the economy and opportunities in the hospitality and other sectors will also impact employee turnover.

BC Place experienced an improvement in the staff retention numbers in Fiscal 2008/09 due to the softening economy and the attraction of BC Place as a future Olympic venue. However, retention declined in Fiscal 2009/10, due to closure of the facility for renovations, and the expectation of further closure for replacement of the roof.

BC Place will be closed for all of Fiscal 2010/11 due to replacement of the air-supported roof. As public events will not be held during the year, a staff retention calculation would not be comparable. Once BC Place re-opens, it will take some time for retention rates to return to historical levels.

Goal 5 – Effectively manage major capital work budgets, scope and schedules.

PavCo aims to provide facilities that allow Vancouver to remain competitive in the Conventions marketplace through securing new and larger meeting, convention, and event business while retaining existing events. We strive to offer significant public amenities while meeting the requirements for a desirable city context and meet market expectations.

Key Strategies

- Manage major capital project work, including the completion of the Convention Centre expansion and the BC Place revitalization program, through continuous and rigorous monitoring of progress towards the achievement of Project Milestones.

Goal 5 – Measure **Achieve major capital work milestones**						
	Past Performance		2009/10 Performance (target per 2009/10 to 2011/12 Refreshed Service Plan)		Future Performance (per 2010/11 to 2012/13 Service Plan)	
	2007/08	2008/09	Target	Actual	2010/11	2011/12
Convention Centre Expansion						
Expansion Project	65% Complete	100% Complete	-	-	-	-
Connector	21% Complete	100% Complete	-	-	-	-
Renovations to Existing Facility	Commenced	20% Complete	90% Complete	**85% Complete**	100% Complete	-
BC Place Revitalization Program						
Phase 1 Interiors	-	40% Complete	100% Complete	**100% Complete**	-	-
Phase 1 Structural Upgrades	-	20% Complete	100% Complete	**100% Complete**	-	-
Major Maintenance	-	5% Complete	12% Complete	**12% Complete**	80% Complete	100% Complete
FF&E	-	-	10% Complete	**Commenced**	80% Complete	100% Complete
Retractable Roof	-	5% Complete	30% Complete	**10% Complete**	80% Complete	100% Complete

The expansion to the Convention Centre opened to the public on April 3, 2009. The lobby, ballrooms, and meeting rooms of the east building were substantially renovated during the year. Upgrades to the service corridors, kitchens and serveries were deferred until after the 2010 Olympic and Paralympic Winter Games. The percentage of completion of renovations was slightly lower than target due to deferral of some work when the 2010 Olympic and Paralympic Games took over the facility.

In October 2009, PavCo received approval to proceed with the retractable roof for BC Place with a revised budget. Actual performance on the retractable roof milestones lagged slightly behind targets, as approval to proceed was received later than anticipated. However, no material impact on schedule occurred. Phase 1 interior and structural upgrades were completed within budget. The major maintenance program remained on schedule with completion of security system upgrades, major equipment replacement, exterior lighting upgrades, and data and telecommunication enhancements. Remaining major maintenance upgrades will be completed in conjunction with the roof replacement.

PROGRESS AGAINST SHAREHOLDER'S LETTER OF EXPECTATIONS

The Shareholder's Letter of Expectations between the Shareholder and PavCo is an agreement on the respective roles and responsibilities of each, and serves as the basis of an agreement between the parties regarding corporate mandate – including high-level performance expectations, public issues and strategic priorities.

PavCo's Shareholder's Letter of Expectations dated January 13, 2009, was the basis for the development of the Service Plan for the fiscal period 2009/10 to 2011/12. PavCo was specifically directed to take the following actions:

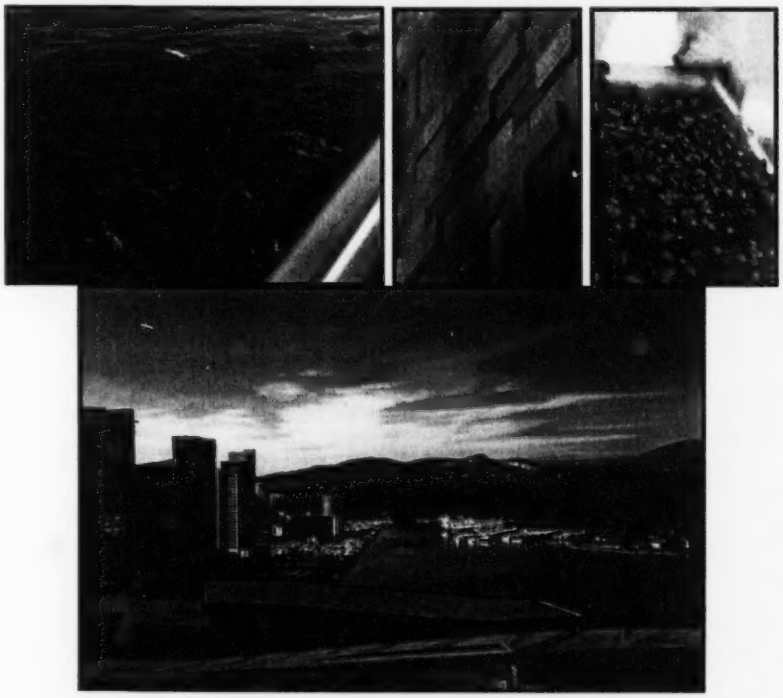
Action	Progress
Report back on the Corporation's sales and marketing plan for the expanded Vancouver Convention Centre, including performance measures and targets to monitor the success of the program that support the tripling non-resident delegate days by 2015.	Execution of the enhanced sales and marketing plan is ongoing, and PavCo is continuing to work with its industry partners on direct marketing campaigns and enhancing representation in new and emerging markets. Accomplishments include launching the new brand into the marketplace in conjunction with the opening of the expanded facility; execution of digital and print marketing campaigns; and securing representation of the organization in new and emerging markets. Progress updates against the performance targets have been provided to the Minister.
Take the lead in marketing the Vancouver Convention Centre to the International marketplace, and act as a resource in the development strategy and marketing initiatives for Regional British Columbia conference centres.	PavCo has worked cooperatively with tourism and hospitality industry representatives to ensure marketing activity and representation in key international markets. PavCo continues to work with British Columbia's regional conference centres and assisted in implementing a program between industry partners that will leverage the Convention Centre's marketing activities in order to drive business throughout the Province.
Seek input from the BC Olympic Games Secretariat on co-marketing opportunities that leverage their activities leading up to the 2010 Olympic and Paralympic Games.	As a result of opportunities arising from the 2010 Olympic and Paralympic Winter Games, PavCo is developing a Sports Marketing strategy for its business. PavCo has worked with the BC Olympic Games Secretariat and related organizations to maximize opportunities from the Games.
Implement the Shareholder's direction for the retention and refurbishing of BC Place.	Phase 1 interior improvements to BC Place were completed in Fiscal 2009/10. PavCo has awarded a stipulated price agreement for the construction of the BC Place roof replacement. Construction has commenced with occupancy forecasted for summer 2011. PavCo will manage schedule, budget and quality objectives through continuous and rigorous monitoring of progress towards achievement of construction milestones. PavCo will report to the Shareholder on progress and project benefits on a quarterly basis.

PROGRESS AGAINST SHAREHOLDER'S LETTER OF EXPECTATIONS

Action	Progress
Continue to explore options and maximize private sector revenue for the public facilities owned/managed by the Corporation, and minimize reliance on government funding.	PavCo is working with the Convention Centre's commercial lessor to ensure maximum use of tenant space and tenant mix. PavCo is seeking third party revenues and new business opportunities to maximize utilization of its operating facilities. A long-term agreement to lease lands to the west of BC Place for redevelopment has been finalized.
Effectively manage the Convention Centre expansion project budget, schedule and related activities to ensure timely delivery of the project within its established cost to the public, specifically to complete the project on or under the $883.2 million budget, and before or on March 15, 2009.	The Convention Centre expansion was substantially completed on time and opened on April 3, 2009. Renovations to the Convention Centre's east facility will be complete in summer 2010. The expansion project has recorded savings of $42 million.
To implement and manage an effective revenue generation program in accordance with direction from the Shareholder.	Revenue generation targets for the expansion of the Convention Centre have been surpassed. PavCo is seeking opportunities for BC Place leading up to its re-opening in summer 2011, including Naming Rights and new events.
Comply with the Shareholder's requirement to make the public sector carbon neutral by 2010.	The Convention Centre received LEED platinum designation from the Canada Green Building Council, and continually works to minimize carbon emissions during operations.

"The Vancouver Convention Centre played a vital role by providing an environmentally-responsible venue for the World Urban Forum 3, which earned Four Star MeetGreen Certification for excellence in green meeting practices."

NANCY J. WILSON, CMP
PRINCIPAL, MEETING STRATEGIES WORLDWIDE



FINANCIAL REPORT

Management Discussion and Analysis

PavCo's continuing operations are the Convention Centre and BC Place. The corporate services division provides strategic oversight and direction to both facilities.

The primary source of revenue for PavCo's facilities is from the event business – the Convention Centre provides a spectacular venue for conventions, meetings and banquets, and BC Place is a multi-purpose facility that holds trade and consumer events, sporting events and entertainment.

With the tripling in size of the Convention Centre, PavCo is able to host larger convention events that it was previously unable to attract. Bookings are very strong for the next two years. The marketplace is very competitive for future business, as other jurisdictions deeply discount rates for their convention centres in order to bring them new business. Worldwide, there is an increasing inventory of show facilities and space for rent, and intense competition by the cities to attract event business.

With the completion of the Convention Centre expansion and the ongoing renovations at the existing facility, management sees significant opportunity to bring new business to British Columbia that will benefit all residents through increased spending by non-residents.

BC Place will be closed for the next year for installation of the retractable roof and completion of the remaining renovations and maintenance upgrades. Renovations will continue at the Convention Centre's east facility and are expected to be completed by the fall 2010.

Fiscal 2009/10 Financial Results

In Fiscal 2009/10, PavCo recorded a deficit of $61.05 million on operations prior to Government contributions. This compares to deficits of $16.9 million in Fiscal 2008/09 and $11.0 million in Fiscal 2007/08. Revenues from operations and gross margin were lower than target for Fiscal 2009/10. This was due to some revenues, initially being designated as rental for the 2010 Olympic and Paralympic Winter Games, being received as contributions towards the purchase of capital assets for BC Place. Revenues from certain events were also lower than target. Costs of hosting the events also increased, resulting in a lower gross margin being realized. Operating costs of the expanded Convention Centre were lower than expected, as a result of the initial year's operating budgets being based on estimates, and the convention facilities not being fully operational. As a result of deferral of some marketing activities, there were also savings on business development costs.

Revenues from operations and gross margin increased from Fiscal 2008/09 due to increased business following opening of the expanded Convention Centre. Facility expenses increased from the Fiscal 2008/09 results as a result of the increased activity at both of PavCo's operating entities, particularly in staffing, where operations continued around the clock up to and during the Olympic period. Operating costs increased as a result of the tripling in size of the Convention Centre and the resulting overhead expense. Business development activity increased in order to bring future new business to British Columbia. Asset amortization costs increased as a result of bringing the expansion of the Convention Centre into service, and updating interiors at BC Place. One-time expenses were also incurred in preparedness for major event activity at BC Place.

FINANCIAL REPORT

Future Outlook

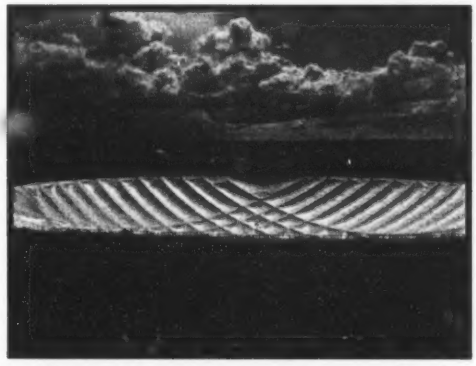
The next two years will be the busiest ever in Vancouver for convention activity, and the Convention Centre will operate with few available dates for new business during its peak operating seasons.

The landlord at Canada Place will be replacing the fabric roof of the east Convention Centre from July 2010, through early 2011. As a result, the exhibit halls will be out of service for this extended period. Clients disrupted by this construction will be relocated to the west building where possible.

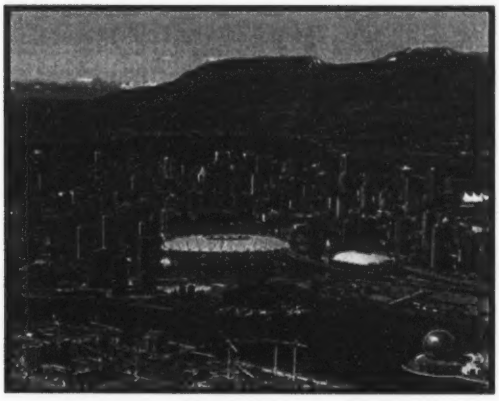
The Convention Centre continues an aggressive sales and marketing plan for 2013 and beyond. The Convention Centre has a diverse client base, and is also looking to develop new markets that will bring additional benefits from out-of-province guests in future years.

In April 2010, preparations started for replacement of the roof at BC Place with a retractable structure. Although the renovated facility will open for sporting events in summer 2011, some areas of construction will continue through fall 2011. With the ability to support open-air events, BC Place will be able to diversify its client base. In addition to being more appealing to sporting enthusiasts during the summer months, the reconfiguration of BC Place will make it more flexible for hosting concerts and other entertainment events, and also save operating costs for carrying out existing business.

Following the installation of the new roof, redevelopment of the lands immediately to the west of BC Place will commence, with initial occupancy expected in 2013. In February 2010, PavCo finalized a long term lease agreement with the developer of those lands.



Deflation of the BC Place roof in preparation for construction activities



Comparison of Financial Results to Target and Prior Year Performance

Comparative Statement of Revenues and Expenditures (in $000)

	2008/09 Actual	2009/10 Actual	2009/10 Target	Positive (Negative) to 2008/09	Explanation of Significant Variances from 2008/09	Positive (Negative) to Target	Explanation of Variances from 2009/10 Target
Revenue	32,139	**41,603**	50,584	9,464	Opening of Expanded Convention Centre	(8,981)	Rental revenues redesignated as capital contributions
Direct Costs	16,843	**23,279**	20,722	(6,436)	Opening of the expanded Convention Centre.	(2,557)	Increase in costs of hosting the additional events, and providing more services.
Gross Margin	15,296	**18,324**	29,862				
Facility Expenses							
Staffing	9,964	**13,558**	13,903	(3,594)	Increase staff due to opening of Convention Centre expansion, staffing requirements for BC Place, and reorganization expenses.	345	Some new staff not hired as expected.
Operating	7,090	**12,104**	16,759	(5,014)	Higher facility maintenance activity, at expanded Convention Centre.	4,655	Lower than expected repair costs for opening year of Convention Centre expansion.
Business Development	2,681	**5,492**	11,088	(2,811)	Increased costs as a result of roll-out of first phase of sales and marketing plan for the Convention Centre.	5,596	Savings due to deferral of second phase of Convention Centre sales and marketing plan.
General and Administration	2,579	**4,253**	4,709	(1,674)	Increased business activity following opening of Convention Centre expansion.	456	General savings from plan.
Fees	1,223	**1,781**	1,765	(558)	Increased costs of audit, and development of new corporate business activities.	(16)	
Total facility expenses	23,537	**37,188**	48,224				
Loss on operations before amortization and other costs	*(8,241)*	***(18,864)***	*(18,362)*				
Amortization	(7,166)	**(26,658)**	(32,906)	(19,492)	Amortization calculated on higher asset base than for prior year	6,248	Asset amortization at different rates than forecast.
BC Place Redevelopment	(1,493)	**(2,283)**	(687)	(790)	BC Place redevelopment planning, and additional closure costs.	(1,596)	Costs of BC Place closure not forecast.
Event readiness expenses	-	**(13,250)**	-	(13,250)	Additional operational cost to prepare BC Place for major events.	(13,250)	Additional operational cost to prepare BC Place for major events.
(Loss) before Government Contribution	*(16,900)*	***(61,055)***	*(51,955)*				

FINANCIAL REPORT

Comparison of Financial Operating Results and Forecasts (in $000's)
Fiscal 2006/07 to 2012/13

	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Target	2009/10 Actual	2010/11 Target	2011/12 Target	2012/13 Target
Revenue from operations	32,498	33,253	32,139	50,584	41,603	35,498	53,398	67,062
Direct Costs	17,827	17,031	16,843	20,722	23,279	18,877	28,903	31,263
Gross Margin	14,671	16,232	15,296	29,862	18,324	16,621	24,495	35,799
Facility Expenses								
Staffing	7,381	8,508	9,964	13,903	13,558	14,515	14,989	15,301
Operating	5,545	6,091	7,090	16,759	12,104	12,719	14,088	14,297
General and administration	2,024	2,020	2,579	4,709	4,253	4,325	4,551	4,760
Business development	1,329	1,479	2,681	11,088	5,492	5,321	2,317	1,776
Fees	1,136	1,049	1,223	1,765	1,781	1,372	1,530	1,492
	17,416	19,147	23,537	48,224	37,188	38,252	37,475	37,626
(Loss) before amortization and other costs	(2,745)	(2,915)	(8,241)	(18,362)	(18,864)	(21,631)	(12,980)	(1,827)
Amortization	(5,719)	(6,017)	(7,166)	(32,906)	(26,658)	(43,849)	(51,274)	(45,516)
Event readiness expense	-	-	-	-	(13,250)	-	-	-
BC Place redevelopment	-	(2,074)	(1,493)	(687)	(2,283)	(11,420)	(5,500)	(500)
Discontinued operation	2,004	33,569	-	-	-	-	-	-
Income (loss) before amortization of contributions	(6,460)	22,563	(16,900)	(51,955)	(61,055)	(76,900)	(69,754)	(47,843)
Amortization of contributions								
Operating contributions	-	289	9,734	14,730	34,621	9,042	11,022	9,142
Capital contributions	6,511	5,896	7,166	30,701	26,434	40,452	35,427	28,520
Income (Loss) after contributions	51	28,748	-	(6,524)	-	(27,406)	(23,305)	(10,181)
Retained earnings [i]	(935)	27,813	27,813	21,289	27,813	407	(22,898)	(33,079)
Debt [ii]	343	243	143	50,000	29,731	150,000	150,000	150,000
Major capital expenditures	(106,478)	(242,820)	(281,187)	(217,643)	(121,686)	(398,502)	(41,173)	0
Sustaining capital	(3,853)	(2,251)	(4,064)	(6,406)	(551)	(20,285)	(7,820)	(7,820)
Total capital expenditures	(110,331)	(245,071)	(285,251)	(224,049)	(122,237)	(418,787)	(48,993)	(7,820)

Source of Financial 2009/10 Targets is the 2009/10 to 2011/12 Refreshed Service Plan, September 2009.
Source of Financial 2010/11 to 2012/13 Targets is the 2010/11 to 2012/13 Service Plan, February 2010.

(i) Target retained earnings for Fiscal 2010/11 to Fiscal 2012/13 have been adjusted from the Service Plan to reflect the actual net income for Fiscal 2009/10.

(ii) At the time of preparation of the Fiscal 2010/11 to 2012/13 Service Plan, debt levels for future years had not been determined. Debt has now been negotiated. PavCo has negotiated a loan of $150 million towards financing the construction of upgrades to BC Place. The loan is repayable over a 40-year term commencing 2013.

The above financial information, including forecast information was prepared based on current Canadian Generally Accepted Accounting Principles.

PavCo receives cash contributions from its Shareholder to cover operational deficits, and to provide capital for improvements to its facilities.

FINANCIAL REPORT

Capital Spending for Projects over $50 million

PavCo continues to experience significant growth in the value of the property, plant and equipment it owns and operates. The Convention Centre expansion project is in its final stages with remaining renovations to be completed in Fiscal 2010/11. The project has recorded $42 million in savings from its $883.2 million budget. BC Place has completed its first phase of renovations and upgrades within budget, and is proceeding with the construction of a new retractable roof to replace the air-supported roof, as well as remaining major maintenance upgrades under its total revitalization budget of $563 million.

Vancouver Convention Centre

The newly completed west expansion to the Convention Centre opened its doors in April 2009. Following that, the east building closed its doors for upgrading renovation work in order to provide a seamless transition between the east and west buildings. The majority of the renovation work was completed in the fall of 2009 prior to the 2010 Olympic and Paralympic Winter Games taking over the facility. The remaining renovations will be completed by December 2010.

The Vancouver Convention Centre project is summarized as follows (in $ millions):

	Budget	Forecast	Variance
Expansion facility	$ 808.4	$ 780.6	$ 27.8
Connector	38.6	26.7	11.9
Upgrades to existing facility	36.2	33.9	2.3
Total	$ 883.2	$ 841.2	$ 42.0

At March 31, 2010, total expenditures committed were $829.3 million, of which $825.5 million has been spent.

BC Place

PavCo received approval to proceed with the retractable roof in October 2009, with a total redefined project budget of $563.0 million inclusive of interior renovations, major maintenance, structural upgrades and new fixtures and equipment.

The first phase of the interior renovations and structural upgrades to accommodate a retractable roof were completed by the end of 2009 within their approved budgets. Some major maintenance projects were also completed in phase one including security system upgrades, exterior lighting upgrades and upgraded operational equipment. The air supported roof was removed in May 2010, and the balance of the renovations and physical roof replacement will continue through spring 2011.

PavCo will finance the retractable roof through the development of lands surrounding BC Place, existing cash reserves, expanded event business and sponsorship opportunities, as well as with a repayable loan and capital contributions from its Shareholder.

FINANCIAL REPORT

Capital Spending for Projects over $50 million (cont.)

The BC Place revitalization project is summarized as follows (in $ millions):

	Budget
Retractable roof and structural upgrades	458.0
Major maintenance	40.0
Interior renovations	55.0
FF&E	10.0
Total	**563.0**

At March 31, 2010, PavCo has committed to $404.3 million of the $563.0 million BC Place revitalization program, of which $119.2 million has been expended to date.

Further detail of the BC Place revitalization program may be referenced at http://www.bcplacestadium.com/index.php/news-releases.html.

Summary Capital Expenditures (in $millions)

Facility/Project	2009/10 Performance (target per 2009/10 to 2011/12 Refreshed Service Plan)		Future Performance (per 2010/11 to 2012/13 Service Plan)	
	Target	Actual[(i)]	2010/11	2011/12
Vancouver Convention Centre	$ 38.8	$ 40.7	$ 8.3	-
BC Place revitalization	$ 148.2	$ 74.7	$ 390.2	$ 41.2

(i) Forecasts shown in the 2009/10 to 2011/12 Refreshed Service Plan and the 2010/11 to 2012/13 Service Plan reflect managements' best estimate of capital spending by fiscal year from the total Project budgets approved. Actual results may vary.

B.C. Pavilion Corporation

Statement of Management Responsibility

Management, in accordance with Canadian generally accepted accounting principles, has prepared the financial statements for B.C. Pavilion Corporation. These statements present fairly the financial position of the corporation as at March 31, 2010 and results of its operations and cash flows for the year ended March 31, 2010.

Management is responsible for the preparation, integrity and objectivity of the financial statements. Systems of internal control are developed and maintained by management to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records are properly maintained to provide a reliable basis for preparation of the financial statements.

The Auditor General of British Columbia hasperformed an independent audit of the financial statements. The Report of the Auditor Genenl outlines the scope of his work on the financial statements for B.C. Pavilion Corporation.

Dave Podmore
David Podmore
Chair

John Harding
Chief Financial Officer

Vancouver, British Columbia
May 20, 2010

FINANCIAL REPORT

Report of the Auditor General of British Columbia

To the Board of Directors of
the B.C. Pavilion Corporation, and

To the Minister of Tourism, Culture and the Arts
Province of British Columbia:

I have audited the balance sheet of the *B.C. Pavilion Corporation* as at March 31, 2010, the statement of operations, comprehensive income and retained earnings and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *B.C. Pavilion Corporation* as at March 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Victoria, British Columbia
May 20, 2010

John Doyle, MBA, CA
Auditor General

B.C. Pavilion Corporation

Balance Sheet

(in $000s)

March 31	2010	2009
Assets		
Current		
Cash and cash equivalents (Notes 7)	**77,652**	170,000
Accounts receivable (Note 8)	**6,928**	8,591
Due from Province of BC (Note 9)	**6,500**	-
Due from Government of Canada (Note 10)	**-**	7,380
Prepaids (Note 12)	**5,308**	2,207
	96,388	188,178
Long-term		
Property, plant & equipment (Note 13)	**1,017,524**	922,068
Intangible assets (Note 14)	**2,090**	2,206
	1,019,614	924,274
	1,116,002	1,112,452
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 16)	**31,534**	67,565
Current portion of long-term debt (Note 17)	**-**	75
Deferred revenue (Note 18)	**6,827**	3,428
	38,361	71,068
Long-term		
Long-term debt (Note 17)	**29,731**	68
Deferred revenue (Note 18)	**21,715**	18,629
Deferred contributions (Note 19)	**241,740**	233,660
	293,186	252,357
	331,547	323,425
Shareholder's Equity		
Share capital (Note 20)	**-**	-
Provincial contributions (Note 21)	**756,642**	761,214
Retained earnings	**27,813**	27,813
	784,455	789,027
	1,116,002	1,112,452

Commitments (Note 27)
Contingent Liabilities (Note 28)

On behalf of the Board

Dave Todmore
Chair

Director

See accompanying notes to the financial statements.

B.C. Pavilion Corporation

Statement of Operations, Comprehensive Income and Retained Earnings

(in $000s)

Years ended March 31	2010	2009
Operating revenues (Note 22)	**41,603**	32,139
Direct costs (Note 22)	**23,279**	16,843
	18,324	15,296
Facility expenses		
Staffing	**13,558**	9,964
Operating	**12,104**	7,090
Business development	**5,492**	2,681
General and administration	**4,253**	2,579
Fees	**1,781**	1,223
	37,188	23,537
Loss before amortization and other costs	**(18,864)**	(8,241)
Amortization	**(26,658)**	(7,166)
Loss on operations after amortization	**(45,522)**	(15,407)
BC Place redevelopment (Note 11)	**(2,283)**	(1,493)
Event readiness expenses (Note 23)	**(13,250)**	-
Loss before contributions	**(61,055)**	(16,900)
Amortization of deferred contributions (Note 19)	**5,740**	-
Amortization of provincial contributions (Note 21)	**55,315**	16,900
Net income for the year, being comprehensive income	-	-
Retained earnings – beginning of year	**27,813**	27,813
Retained earnings – end of year	**27,813**	27,813

See accompanying notes to the financial statements.

B.C. Pavilion Corporation

Statement of Cash Flows

(in $000s)

Years ended March 31	2010	2009
Operations		
Loss on operations	**(61,055)**	(16,900)
Items not affecting cash		
Amortization	**26,658**	7,166
Fair value adjustment on investments	**-**	54
Disposal of assets	**239**	569
Change in working capital		
Deferred revenue	**6,485**	5,224
Change in non-cash working capital (Note 24)	**(36,589)**	19,347
Cash (used in) provided by operations	**(64,262)**	15,460
Investing		
Property, plant & equipment additions	**(122,121)**	(285,251)
Intangibles	**(116)**	(2,161)
Investments	**-**	20,083
Increase (decrease) in long-term debt	**29,588**	(100)
Cash used in investing activities	**(92,649)**	(267,429)
Financing		
Contributions from the Province of British Columbia	**50,743**	299,322
Contributions from other	**13,820**	22,958
Cash provided by financing activities	**64,563**	322,280
Net (decrease) increase in cash and cash equivalents	**(92,348)**	70,311
Cash and cash equivalents – beginning of year	**170,000**	99,689
Cash and cash equivalents – end of year (Note 7)	**77,652**	170,000

See accompanying notes to the financial statements.

1. Authority and Purpose

B.C. Pavilion Corporation (PavCo) was formed on April 1, 2008 under the *British Columbia Business Corporations Act*, following the amalgamation of the former B.C. Pavilion Corporation and Vancouver Convention Centre Expansion Project Ltd. The mandate of PavCo is to generate economic and community benefits for the people of British Columbia through the management of public tourism and cultural facilities.

PavCo owns and operates BC Place and the Vancouver Convention Centre's west facility. The Corporation operates the Vancouver Convention Centre's east facility under a separate agreement with Canada Place Corporation.

PavCo is exempt from income taxes under the Income Tax Act as it is wholly owned by the Province of British Columbia.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies used in the preparation of these financial statements are:

a) Financial Instruments – Recognition and Measurement

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. All financial assets and financial liabilities including derivatives are measured in the balance sheet at fair value, except for loans and receivables, and other financial liabilities, which are measured at amortized cost.

PavCo has designated its financial instruments as follows:

Cash and cash equivalents are classified as financial assets held for trading.

Investments are classified as assets held for trading. Assets held for trading are carried at fair value with the changes in fair value recorded in revenues from operations, and gains and losses realized on disposal of held for trading securities, along with the interest are recorded in revenues from operations. Fair value adjustments and any gains or losses on disposal of securities used for construction of the newly expanded Vancouver Convention Centre were recorded to construction in progress until the facility was ready for use.

Accounts receivable are classified as loans and receivables and are measured at amortized cost. Accounts payable, accrued liabilities, and long term debt are classified as other financial liabilities and are also measured at amortized cost.

The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair values, due to the short-term nature of these financial instruments.

2. Significant Accounting Policies (cont.)

b) Construction-in-progress

All costs of construction are recorded at cost and include direct costs during development and construction as well as value-in-kind (VIK) contributions (see VIK accounting policy) and other carrying costs. When construction is substantially complete and the asset is ready for use, the costs are transferred to property, plant and equipment. They are subsequently amortized over their estimated useful lives.

c) Value-in-kind (VIK)

PavCo has entered into agreements where VIK is provided. VIK is recognized at fair value and when the goods would otherwise have been purchased (including any applicable taxes). The VIK provided by these agreements is included in construction-in-progress (see construction-in-progress accounting policy) or property, plant and equipment.

d) Contra-transactions

Unearned revenue resulting from contra-transactions, such as the exchange of goods or services for advertising, is amortized over the term of the services contract.

e) Capital Assets

Property, plant and equipment are recorded at cost less accumulated amortization.

Assets are amortized over their estimated useful lives to PavCo:

Buildings and improvements	10 to 50 years, straight line
Furniture	3 to 5 years, straight line
Computer equipment	3 years, straight line
Leasehold improvements	over the shorter of the estimated useful life of the improvement and the term of the lease
Mobile equipment	30% per annum, declining balance
Equipment and other capital assets	1 to 10 years, straight line

The art/theming collection is recorded at cost with no amortization.

f) Impairment of long-lived assets

PavCo reviews capital assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Given the nature of the Corporation's mandate, PavCo believes that assessing the service potential of its assets best reflects whether there is any indication of asset impairment. The Public Sector Accounting Board Handbook Section PS 3150 reporting requirements state "*When conditions indicate that a tangible capital asset no longer contributes to a government's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset should be reduced to reflect the decline in the asset's value.*" PavCo reviews the value of its capital assets that are in active service for impairment, based on their service potential and ability to provide goods and services to the government.

2. Significant Accounting Policies (cont.)

g) Intangible assets

Non-depreciable intangible assets are recorded at the lower of cost or net realizable value. Depreciable intangible assets are recorded at cost and amortized on a straight line basis over their estimated useful lives of three years.

h) Deferred contributions

Contributions for the construction of capital assets are deferred and are amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

i) Government funding

Funding received from the Province of British Columbia is recognized as Provincial Contributions when received.

Funding received to assist in sustaining operations is deferred and amortized to income as the related expenses occur.

Funding received for capital assets is deferred and amortized at a rate corresponding with the amortization rate for the related capital assets.

Funding received for the acquisition of, or in the form of non-depreciable capital assets is recognized as a direct increase to Provincial Contributions in the same period that the assets are acquired.

Funding received for specific purposes is deferred and recognized as the expenses are incurred.

j) Revenue recognition

Revenue from events at BC Place and the Vancouver Convention Centre is recognized on the completion of events. Amounts received in advance of event completion are recorded as unearned revenue.

Revenues received in advance from lease and business alliance agreements and expenses incurred to generate them are amortized on a straight line basis over the term specified in the agreements.

k) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires that management make estimates and assumptions based on the information available. Such estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Management has made estimates on the expected timing of future expenditures related to construction commitments (Note 27a). Actual results could differ from the amounts estimated.

l) Environmental expenses

Environmental costs are recorded when a determination of liability is made and the related costs can be reasonably estimated.

2. Significant Accounting Policies (cont.)

m) Foreign currency transactions

Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect at the transaction date. Any foreign currency denominated monetary assets and liabilities are stated using the prevailing rate of exchange at the balance sheet date.

3. Financial Instruments – Risk Management

PavCo is exposed to various risks related to its financial assets and liabilities. It is management's opinion that the corporation is not exposed to significant market, liquidity or credit risk arising from these financial instruments.

PavCo's risk management objective when it invests in financial instruments is to ensure that any investments are in quality securities, so as to safeguard the assets of the shareholder, and enable the corporation to continue operations as a going concern.

Market Risk – Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect PavCo's income or the value of its financial instruments.

PavCo's exposure to currency risk is only related to the value of foreign exchange transactions in the normal course of business, and manages this risk by minimizing the amount of transactions in foreign funds.

PavCo is not subject to interest rate risk on its long term debt as a fixed rate is provided for in the loan agreement which eliminates fluctuations in the value of this financial instrument during the repayment period.

Liquidity Risk – Liquidity risk is the risk that PavCo will have difficulty in meeting its financial obligations when they come due.
PavCo manages liquidity risk by continually monitoring cash flows, and by maintaining the ability to borrow funds from its shareholder.

Credit Risk - Credit risk is the risk of financial loss to PavCo if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

PavCo's exposure to credit risk is only related to the value of accounts receivable in its normal course of business, and manages this risk by minimizing the amount of transactions which require recovery. The corporation continually monitors and manages the collection of receivables from other customers.

4. Changes in Accounting Policy

During the fiscal year, PavCo reviewed its policy on impairment of long-lived assets and determined that given the nature of the Corporation's mandate, assessment of the service potential of its assets, in accordance with Public Sector Accounting Board Handbook Section PS 3150, provides the best indication of whether there is an indication of asset impairment. As a result of this change, PavCo has reversed the previous fiscal 2005 write down of BC Place, as it is management's view the restated value of BC Place more accurately reflects the ongoing service potential generated by the asset over its lifecycle. Prior year balances have been restated to conform with the new policy.

4. Changes in Accounting Policy (cont.)

The change in accounting policy impacts the financial statements as follows:

	2010	2009
Balance Sheet:		
Increase in property, plant & equipment	59,131	61,701
Increase in provincial contributions	59,131	61,701
Income Statement:		
Increase in amortization	2,570	4,191
Increase in amortization of provincial contributions	2,570	4,191
Statement of Cash Flows:		
Increase in loss before contributions	2,570	4,191
Increase in amortization	2,570	4,191

5. Capital Management

PavCo defines its capital structure as cash and cash equivalents, long-term debt and shareholder's equity.

The Corporation's objectives when managing capital are to optimize the use of its assets so as to provide the maximum economic return to its shareholder and stakeholders, while maintaining financial flexibility in order to preserve its ability to meet financial obligations and to continue as a going concern.

PavCo manages its capital structure with consideration to targets set through its Service Plan and Shareholder's Letter of Understanding, expenditure priorities and the funds available to address them. Funding assistance from PavCo's shareholder may be required to maintain or adjust the capital structure.

There has been no change to PavCo's capital management approach for the current period.

PavCo has externally imposed capital restrictions. It is not permitted to dispose of BC Place or the Vancouver Convention Centre. Funding received for designated purposes, must be used for those purposes provided. PavCo is in full compliance with these restrictions.

6. Economic Dependence

PavCo relies on its sole shareholder to provide any capital for investments in property, plant and equipment and when required, to assist with operational funding.

7. Cash and Cash Equivalents

PavCo considers deposits in banks and investments with maturities of three months or less as cash and cash equivalents.

Included in cash is $0.9 million of restricted cash (2009 - $1.4 million). Restricted cash relates to initial deposits received for long term lease agreements at the Vancouver Convention Centre. The restriction on the initial deposits expires on the lease commencement dates identified in the agreements.

	March 31 2010	March 31 2009
Cash	77,652	9,320
Investments < 90 days		
Deposits with BCIMC	-	10,967
Canadian treasury bills with interest rates up to 1.00%	-	96,366
Government bonds with interest rates of 4.00% to 5.50%	-	53,347
Total fair value	77,652	170,000
Total book value	77,652	170,409
Fair value adjustment	-	(409)

Short-term investments held for trading

Short-term investments consisted of units held at the British Columbia Investment Management Corporation (BCIMC) as well as Canadian treasury bills and government bonds held with VanCity Investment Management Ltd. The BCIMC investments were held in Canadian Money Market funds and receivable on demand. Due to construction at BC Place, the deposits with BCIMC were liquidated during fiscal 2010. The treasury bills and government bonds previously held by the corporation for construction of the Vancouver Convention Centre expansion reached maturity and were liquidated.

8. Accounts Receivable

	March 31 2010	March 31 2009
Trade	5,575	3,716
Interest	-	934
GST	1,353	3,941
	6,928	8,591

9. Due from Province of British Columbia

	March 31 2010	March 31 2009
Due from Province of British Columbia	6,500	-
	6,500	-

The $6.5 million is funding assistance for PavCo operations.

10. Due from Government of Canada

The funding agreement between PavCo and Infrastructure Canada (INFC) provided $222.5 million for reimbursement of paid eligible costs towards the construction of the Vancouver Convention Centre expansion. In addition, PavCo entered into a separate $2.1 million funding agreement with Western Economic Diversification Canada (WED) to showcase a water treatment system at the newly expanded facility. This funding is reflected in deferred contributions (Note 19).

The Corporation has fulfilled its obligations under these agreements, and all funding was received.

	March 31 2010	March 31 2009
Infrastructure Canada (INFC)	-	7,138
Western Economic Diversification Canada (WED)	-	242
Due from Government of Canada	-	7,380

11. Funding

BC Place

PavCo received approval to proceed with construction projects of up to $563.0 million at BC Place. This includes completion of interior refurbishments, deferred maintenance projects, and replacement of the air-supported roof with a retractable roof.

The project funding will be provided by way of self-financing by PavCo through the development of lands surrounding BC Place, existing cash reserves, expanded event business and sponsorship opportunities, as well as a repayable loan (Note 17) and capital contributions from the Province of British Columbia.

In February 2010, PavCo entered into a 70-year lease agreement for a parcel of its land to the west of BC Place. PavCo will receive annual lease payments from the lessee following completion of the redevelopment of these lands. PavCo has obligations to provide certain services and benefits to these lands for the lessee, who has agreed to make a financial contribution towards these services and benefits.

During the period ended March 31, 2010, PavCo incurred costs of $2.3 million associated with the comprehensive redevelopment of its lands, including settlement costs for disrupted events at BC Place due to the roof construction.

	March 31 2010	March 31 2009
Redevelopment costs written off	**2,044**	932
Loss on disposal of assets	**239**	561
	2,283	1,493

11. Funding (cont.)

Vancouver Convention Centre Expansion

The budget for construction of the Vancouver Convention Centre expansion including the connection between the expanded facility and Canada Place together with upgrades to the existing facility at Canada Place was $883.2 million, and was funded by the Province of British Columbia ($540.7 million), the Government of Canada ($222.5 million), Tourism Vancouver ($90 million), and $30 million from commercial opportunities.

Tourism Vancouver funding was financed by way of contributions from the Province of British Columbia and is reflected in Provincial contributions (Note 21).

PavCo also entered into a separate $2.1 million funding agreement with WED for incremental sustainability initiatives added to the expansion project.

Funding for this project has been received in full.

12. Prepaids

	March 31 2010	March 31 2009
Event and operations prepayments	**1,639**	2,207
Prepaid rental on temporary stadium	**3,669**	-
	5,308	2,207

13. Property, Plant & Equipment

By facility	March 31, 2010			March 31 2009
	Carrying Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
BC Place	284,541	59,070	**225,471**	153,872
Vancouver Convention Centre	818,854	26,900	**791,954**	768,194
Corporate Office	139	40	**99**	2
	1,103,534	86,010	**1,017,524**	922,068

By category	March 31, 2010			March 31 2009
	Carrying Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Land	71,260	-	**71,260**	71,260
Buildings & Improvements	943,083	68,336	**874,747**	768,497
Construction in Progress				
VCC Expansion	1,354	-	**1,354**	18,505
BC Place	40,113	-	**40,113**	44,716
Equipment	27,082	13,129	**13,953**	8,632
Mobile Equipment	1,584	282	**1,302**	68
Furniture	12,294	3,099	**9,195**	6,938
Computer Equipment	1,398	1,164	**234**	260
Art/ Theming Collection	5,366	-	**5,366**	3,192
	1,103,534	86,010	**1,017,524**	922,068

PavCo's lease agreement with Canada Place Corporation for the Vancouver Convention Centre's east facility is for a 20-year term expiring in 2027. It is at nominal annual rent and PavCo is responsible for all operating costs. As the lease term represents the full economic life of the asset, it is included in the capital assets of the Corporation.

The new Vancouver Convention Centre west facility commenced operations on April 3, 2009. Asset cost includes direct costs of construction and an apportioned amount of overhead costs directly attributable to the construction including capitalized interest earned of $24.9 million.

As a result of an accounting policy change (Note 4), the previous write down of BC Place was reversed, and its net carrying value increased by $59.1 million for fiscal 2010 (2009 - $61.7 million).

At March 31, 2010, PavCo has completed structural upgrades and significant interior refurbishments to BC Place under its $563.0 million multi-project envelope. The corporation has entered into a stipulated price agreement for construction of the retractable roof and most of the remaining project components.

The Vancouver Convention Centre will complete its modifications and renovations to the east facility in fiscal 2011, while construction on the retractable roof, deferred maintenance projects and interior refurbishments at BC Place will continue into fiscal 2012.

14. Intangible Assets

By Category	March 31, 2010			March 31 2009
	Carrying Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Computer software & website re-design	616	406	**210**	326
Agreement to secure and market the 2011 Grey Cup	1,880	-	**1,880**	1,880
	2,496	406	**2,090**	2,206

The agreement to secure the 2011 Grey Cup to showcase the revitalization of BC Place was fully funded by Province of British Columbia. The cost will be amortized to operations in fiscal 2012.

15. Intangible Rights

PavCo has had interests in two properties that have been sold or transferred to third parties. Under the terms of the transfer agreements, PavCo could have rights to further income or property at some future date if these or other adjacent properties are developed or sold.

The first relates to a parcel of land adjacent to BC Place that was transferred to a developer for future exchange for another piece of land of approximate size. If the adjacent land is sub-divided or developed, then PavCo will receive the land exchange, otherwise, PavCo will receive cash compensation of approximately $150 thousand.

The second relates to a parcel of land in Surrey, British Columbia, that, if the land were to be sold or redeveloped before March 2016, then PavCo would receive three fifths of the sales proceeds of the land over $1.1 million. No estimate is available of the current value of the land or of the intention of the owner to dispose of it at this time.

16. Accounts Payable and Accrued Liabilities

	March 31 2010	March 31 2009
Trade	**27,343**	60,528
Holdbacks	**4,191**	7,037
	31,534	67,565

17. Long-term Debt

	March 31 2010	March 31 2009
Province of British Columbia	**29,731**	-
British Columbia Transportation Financing Authority	-	143
Less: Current portion	-	(75)
	29,731	68

PavCo entered into a long term loan agreement with the Province of British Columbia to provide financing for the construction of the retractable roof and interior refurbishments at BC Place. Under the terms of the agreement, the repayable loan is non-interest bearing during construction. Commencing in April 2013, PavCo will repay the loan by providing semi-annual blended payments of principal and interest (fixed interest rate of 4.89%) until fiscal 2049.

The loan is secured by the assets of BC Place and Vancouver Convention Centre.

The long-term non-interest bearing debt payable to BC Transportation Financing Authority was paid in full in fiscal 2010.

18. Deferred Revenue

	March 31 2010	March 31 2009
Current		
Event revenues	**4,862**	3,424
Unearned revenue	**1,965**	4
	6,827	3,428
Long- term		
Event revenues	**1,011**	678
Other deferred revenue	**20,704**	17,951
	21,715	18,629
Total deferred revenue	**28,542**	22,057

Event revenues are receipts in advance of scheduled event dates and are deferred until completion of the event. Long term event revenues are deposits for events scheduled up to fiscal 2017.

Other deferred revenue represents funds received in advance from lease and business alliance agreements, and are recognized in accordance to the terms specified in those agreements. The terms of the business alliance agreements range from 10 years to 50 years.

19. Deferred Contributions

	Government of Canada	VANOC	Other	March 31 2010	March 31 2009
Opening contributions	224,628	497	8,535	**233,660**	210,702
Additional contributions received	-	11,095	2,725	**13,820**	22,958
Amortized during the year	(4,556)	(383)	(801)	**(5,740)**	-
Closing contributions	220,072	11,209	10,459	**241,740**	233,660

Deferred Contributions include contributions from non-related parties to fund the acquisition of capital assets to provide for the future benefit of the Corporation.

Government of Canada contributions is funding for the construction of the expansion of the Vancouver Convention Centre and connector between the east and west facility, as well as for construction of the water treatment facility.

Contributions received from VANOC were for improvements at PavCo's facilities.

Other contributions reflect value-in-kind agreements for property, plant and equipment at the Vancouver Convention Centre.

20. Share Capital

PavCo is authorized to issue an unlimited number of shares without par value, without special rights or restrictions attached. 101 shares are issued and outstanding. These shares are owned by the Province of British Columbia, through registration in the name of the Minister of Tourism, Culture and the Arts, and Her Majesty the Queen in Right of the Province of British Columbia.

21. Provincial Contributions

	Capital[1]	Sustaining Operations	Other	March 31 2010	March 31 2009
Opening contributions	753,446	7,768	-	**761,214**	478,792
Additional contributions received	16,049	14,994	19,700	**50,743**	299,322
Amortization-capital contributions	(20,543)	-	(151)	**(20,694)**	(7,166)
Amortization-operating contributions	-	(21,371)	(13,250)	**(34,621)**	(9,734)
Closing contributions	748,952	1,391	6,299	**756,642**	761,214

[1] Capital contributions include land held at its historical cost of $71.26 million.

Provincial contributions are capital and operating contributions from PavCo's shareholder and are segregated based on shareholder direction on the use of funds.

As a result of an accounting policy change (Note 4), the previous write down of BC Place was reversed, and net provincial contributions increased by $59.1 million for fiscal 2010 (2009 - $61.7 million).

Capital is funding received for asset acquisition and capital construction projects at PavCo's facilities. Funding for sustaining operations includes amounts to support ongoing operations, as well as sales and marketing initiatives at the Vancouver Convention Centre.

Other funding received in fiscal 2010 was specified for event readiness costs.

22. Operating Revenues and Direct Costs by Business Segment

Operating Revenues	**March 31 2010**	March 31 2009
Vancouver Convention Centre	**23,291**	17,707
BC Place	**18,079**	13,247
Corporate Office [1]	**233**	1,185
	41,603	32,139

- Corporate office revenues consist of interest earned on cash and investments and any fair value adjustment on the investments.

Direct Costs	**March 31 2010**	March 31 2009
Vancouver Convention Centre	**10,824**	9,793
BC Place	**12,455**	7,050
	23,279	16,843

23. Event Readiness Expenses

PavCo received a $19.7 million grant from the Province of British Columbia for event readiness costs related to improvements and upgrades to BC Place (Note 21).

24. Change in Non-cash Working Capital

	March 31 2010	March 31 2009
Receivables	**2,543**	1,387
Prepaids	**(3,101)**	(1,167)
Trade payables and accrued liabilities	**(36,031)**	19,127
	(36,589)	19,347

Receivables include any changes in amounts due from the Province of British Columbia and the Government of Canada.

25. Environmental Costs

PavCo and predecessor property owners remain liable for environmental and reclamation obligations for known hazards that may exist at its facilities. Management is not aware of any existing environmental problems related to its facilities that may result in material liability to PavCo.

26. Employee Benefits Plan

PavCo and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pension Plans Act*. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension (Plan) is a multi-employer, defined benefit plan. Under joint trusteeship, the risk and reward associated with the Plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions. The most recent actuarial valuation (March 31, 2008) disclosed an actuarial surplus. The next full actuarial valuation will be at March 31, 2011.

Contributions to the Plan by PavCo for fiscal 2010 were $970 thousand (2009 - $732 thousand).

27. Commitments

a) Construction

PavCo is committed to completing upgrades and renovations to the Vancouver Convention Centre east facility (VCC) as part of the $883.2 million expansion project, and complete construction on a retractable roof at BC Place stadium within its $563.0 million approved budget.

At March 31, 2010, the Corporation has committed to future expenditures under contracts currently entered into with respect to the above construction obligations:

Fiscal 2011	$233.0 million
Fiscal 2012	$ 56.1 million

27. Commitments (cont.)

b) Operating leases

The Corporation is committed to payments under several operating leases, the longest of which extends to 2020. These represent total commitments of $10.3 million as follows:

Fiscal 2011	$ 6.1 million
Fiscal 2012	$ 3.5 million
Fiscal 2013	$ 0.2 million
Fiscal 2014	$ 0.1 million
Fiscal 2015	$ 0.1 million
Fiscal 2016 and beyond	$ 0.3 million

c) Lands to be leased to third parties

Under the terms of an agreement for the parcel of land to the west of BC Place leased to a third party commencing in 2013, PavCo is not permitted to abandon BC Place, or to allow it to fall into material disrepair during the first 40 years of the lease term.

28. Contingent Liabilities

The Corporation has issued Letters of Credit to the following:

	Value (in $)	Expiry Date
City of Vancouver:		
Thurlow Street viaduct warranty costs	$211,940	October 20, 2010
Department of Fisheries and Oceans Canada:		
Habitat compensation and monitoring	$100,000	September 3, 2010

The Letters of Credit include an annual auto-renewal clause, unless cancelled prior to the expiry date.

29. Related Party Transactions

PavCo is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities considered to be in the normal course of operations, are recorded at the exchange amounts, predominantly under prevailing trade terms.

	March 31 2010	March 31 2009
Amounts included in :		
Assets		
Accounts receivable	-	209
Due from Province of British Columbia	**6,500**	-
Capital Assets	**33**	1
Liabilities		
Accounts payable	**563**	229
Long term debt	**29,731**	143
Deferred revenue	**3,600**	4,013
Equity		
Provincial contributions	**756,642**	761,214
Operations		
Revenues	**767**	466
Staffing	**103**	104
Fees	**149**	73
General & administrative costs	**30**	18
Business development	-	5
Operations	**1,755**	1,062

30. Comparative Numbers

Certain comparative numbers may have been restated to conform to the financial statement presentation used in the current year.

INFORMATION ON OPERATING SEGMENTS *(UNAUDITED)*

Vancouver Convention Centre
Comparison of Financial Results and Targets (in $000)

	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Target	2009/10 Actual	2010/11 Target	2011/12 Target	2012/13 Target
Revenue	19,157	18,211	17,707	22,195	23,291	35,388	36,900	36,636
Direct Costs	10,688	10,004	9,793	7,674	10,824	18,877	18,689	18,545
Gross Margin	8,469	8,207	7,914	14,521	12,467	16,511	18,211	18,091
Facility Expenses								
Staffing	3,729	3,786	4,873	7,891	7,038	8,373	8,155	8,339
Operating	3,114	3,425	4,104	13,321	9,197	9,927	9,739	9,656
General and administration	1,220	1,101	1,570	2,500	2,621	2,621	2,626	2,679
Business development	1,124	1,264	2,316	10,704	5,112	4,709	1,234	1,258
Fees	480	404	516	610	684	554	565	576
	9,667	9,980	13,379	35,026	24,652	26,184	22,319	22,508
(Loss) before amortization and other costs	(1,198)	(1,773)	(5,465)	(20,505)	(12,185)	(9,673)	(4,108)	(4,417)
Capital asset amortization	(600)	(627)	(739)	(19,133)	(19,708)	(20,521)	(20,997)	(21,156)
Loss before contributions	(1,798)	(2,400)	(6,204)	(39,638)	(31,893)	(30,194)	(25,105)	(25,573)
Major capital expenditures	(106,478)	(242,820)	(236,471)	(41,071)	(43,221)	(8,300)	-	-
Sustaining capital	(1,079)	(761)	(3,660)	(5,786)	(136)	(19,765)	(4,000)	(4,000)

Note:
Source of Financial 2009/10 Targets is the 2009/10 to 2011/12 Refreshed Service Plan - September 2009.
Source of Financial 2010/11 to 2012/13 Targets is the 2010/11 to 2012/13 Service Plan- February 2010.

Key performance information for Vancouver Convention Centre is consistent with that provided for the whole organization, and is separately disclosed in the Report on Performance.

The Convention centre west building commenced operations in April 2009. With the addition of the west building, the Convention Centre tripled in size. The east building was closed for renovations for a portion of the year. Both buildings were utilized as media centres for the 2010 Olympic and Paralympic Winter Games.

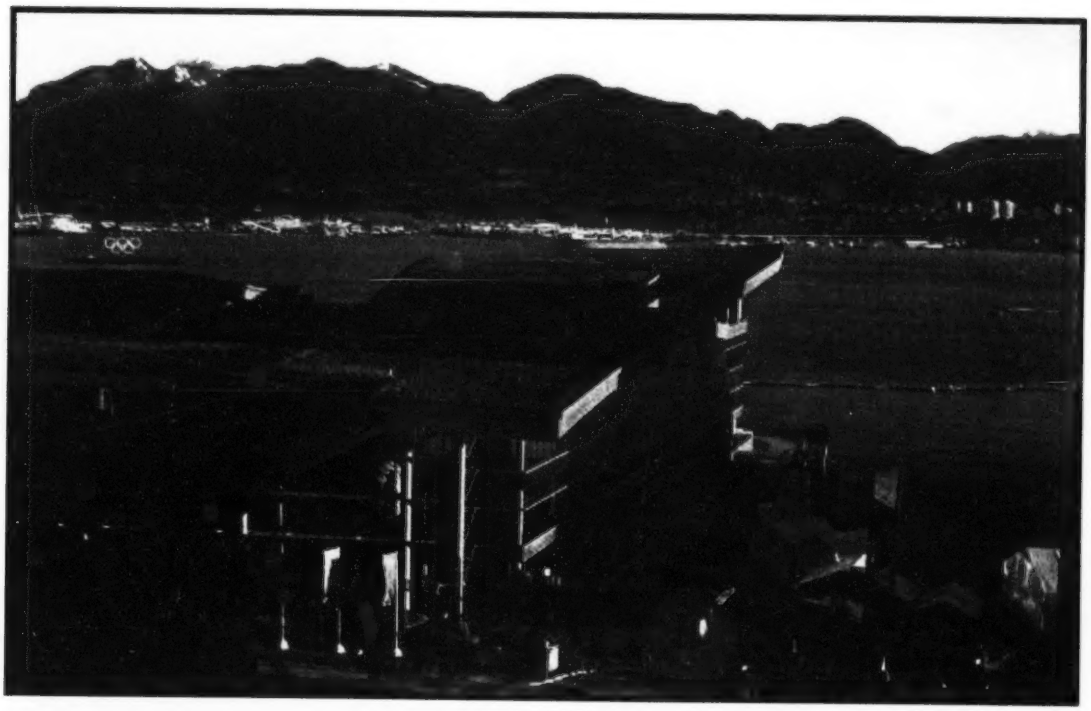
Significant variances between actual financial results for Fiscal 2008/09 and Fiscal 2009/10:

- Revenues increased due to the opening of the west building, and the resulting increase in business. Direct event costs and gross margin increased as a result of the higher event activity.
- Staffing costs increased following opening of the expansion, with more facility maintenance and event staff hired.
- Operating costs were higher following opening of the west building. Some of the increased costs were offset by a reduction of costs in the east building as a result of the closure.
- General and administration, and fees costs increased due to expenses incurred to operate the expanded facility, including insurance.
- Business development costs were higher as a result of marketing initiatives undertaken to ensure long-term booking success for the expanded centre.
- Substantial completion of the Convention Centre expansion was at the end of Fiscal 2008/09. Capital expenditures of $43.357 million were for construction on the new building, and towards a retrofit of the east building.

INFORMATION ON OPERATING SEGMENTS *(UNAUDITED)*

Significant variances between financial results Fiscal 2009/10 and target results for the year:

- Revenues were higher than forecast as a due to increased spending by clients at events. The direct costs of hosting these events increased as a result of additional services being provided at some events.
- Staffing costs were lower as a result of some budgeted positions remaining vacant for part or all of the fiscal year.
- Operating costs were lower with the initial maintenance work expected for the west building not occurring, and lower expenses than expected in the east building as a result of its closure for renovations.
- Business development costs were lower than target as a result of deferral of spending for the second phase of the marketing plan.



INFORMATION ON OPERATING SEGMENTS *(UNAUDITED)*

BC Place
Comparison of Financial Results and Targets (in $000)

	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Target	2009/10 Actual	2010/11 Target	2011/12 Target	2012/13 Target
Revenue	13,054	13,298	13,247	27,299	18,079	50	16,478	28,435
Direct Costs	7,139	7,027	7,050	13,048	12,455	-	10,214	12,718
Gross Margin	5,915	6,271	6,197	14,251	5,624	50	6,264	15,717
Facility Expenses								
Staffing	3,209	3,776	3,766	4,603	5,152	4,735	5,392	5,484
Operating	2,432	2,666	2,986	3,438	2,907	2,792	4,349	4,641
General and administration	1,065	1,116	1,282	1,534	1,358	1,554	1,760	1,906
Business development	203	209	335	364	364	600	1,068	500
Fees	448	385	463	799	760	516	655	596
	7,357	8,152	8,832	10,738	10,541	10,197	13,224	13,127
(Loss) before amortization and other costs	(1,442)	(1,881)	(2,635)	3,513	(4,917)	(10,147)	(6,960)	2,590
Capital asset amortization	(5,107)	(5,371)	(6,410)	(13,733)	(6,876)	(23,277)	(30,226)	(24,327)
Event readiness expenses	-	-	-	-	(13,250)	-	-	-
Redevelopment expenses	-	(2,074)	(1,493)	(687)	(2,283)	(11,420)	(5,500)	(500)
(Loss) before contributions	(6,549)	(9,326)	(10,538)	(10,907)	(27,326)	(44,844)	(42,686)	(22,237)
Major capital expenditures	-	-	(44,716)	(176,572)	(78,465)	(390,202)	(41,173)	-
Sustaining capital	(2,735)	(1,486)	(404)	(450)	(240)	(500)	(3,800)	(3,800)

Note:
Source of Financial 2009/10 Targets is the 2009/10 to 2011/12 Refreshed Service Plan - September 2009.
Source of Financial 2010/11 to 2012/13 Targets is the 2010/11 to 2012/13 Service Plan - February 2010.

Key performance information for BC Place is consistent with that provided for the whole organization, and is separately disclosed in the Report on Performance.

BC Place was closed for a portion of the year for completion of interiors and structural upgrades.
The facility was used for ceremonies and nightly events for the 2010 Olympic and Paralympic Winter games.

Significant variances between financial results Fiscal 2008/09 and Fiscal 2009/10:

- Revenues increased as a result of higher event activity with the Winter Olympic Games.
- Direct event costs were higher as a result of additional services procured for the Winter Olympic Games. The revenue streams for the Winter Olympic Games provided a lower gross margin than for regularly scheduled Stadium activity. The resulting gross margin therefore fell short of the previous year's margin.
- Staffing costs increased due to higher event activity and the resulting personnel needs, and reorganization costs.
- The facility incurred ongoing costs related to the renovation of the facility and redevelopment of stadium lands, and preparedness for major event readiness.

INFORMATION ON OPERATING SEGMENTS *(UNAUDITED)*

Significant variances between financial results Fiscal 2009/10 and target results for the year:

- Revenues were lower as amounts previously designated as Olympic rental revenues, were applied as grants towards capital improvements. Attendance and revenues from some events was also lower than expected. As a result of the lower event attendance, the costs associated with providing services was also reduced from target.
- Staffing costs were increased as a result of additional personnel needs during the busy event season, and reorganization expenses.
- Operating costs were lower than anticipated with reduced utility expenses in the winter months.
- Capital asset amortization was lower than forecast, due to timing in commissioning of assets, and reclassification of certain costs to for event readiness expense.

During the fiscal year, PavCo reviewed its policy on impairment of long-lived assets and determined that given the nature of the Corporation's mandate, assessment of the service potential of its assets, in accordance with Public Sector Accounting Board Handbook Section PS 3150, provides the best indication of whether there is an indication of asset impairment. As a result of this change, PavCo has reversed the previous fiscal 2005 write down of BC Place, as it is management's view the restated value of BC Place more accurately reflects the ongoing service potential generated by the asset over its lifecycle. Prior year balances have been restated to conform with the new policy.

INFORMATION ON OPERATING SEGMENTS *(UNAUDITED)*

Corporate Services
Comparison of Financial Results and Targets (in $000)

	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Target	2009/10 Actual	2010/11 Target	2011/12 Target	2012/13 Target
Revenue	287	1,754	1,185	1,090	233	60	20	1,991
Direct Costs	0	0	0	0	0	0	0	0
Gross Margin	287	1,754	1,185	1,090	233	60	20	1,991
Facility Expenses								
Staffing	443	946	1,325	1,409	1,368	1,407	1,442	1,478
Operating	0	0	0	0	0	0	0	0
General and administration	(261)	(197)	(273)	675	274	150	165	175
Business development	2	6	30	20	16	12	15	18
Fees	208	260	244	356	337	302	310	320
	392	1,015	1,326	2,460	1,995	1,871	1,932	1,991
Income (loss) before amortization	(105)	739	(141)	(1,370)	(1,762)	(1,811)	(1,912)	0
Capital asset amortization	(12)	(19)	(17)	(40)	(74)	(51)	(51)	(33)
Loss before contributions	(117)	720	(158)	(1,410)	(1,836)	(1,862)	(1,963)	(33)
Sustaining capital	(39)	(4)	0	(170)	(175)	(20)	(20)	(20)

Note:
Source of Financial 2009/10 Targets is the 2009/10 to 2011/12 Refreshed Service Plan, published September 2009.
Source of Financial 2010/11 to 2012/13 Targets is the 2010/11 to 2012/13 Service Plan, published February 2010.

Significant variances between financial results Fiscal 2008/09 and Fiscal 2009/10:

- Revenues declined as cash deposits decreased due to ongoing capital expenditure programs, and interest rates lowered.
- General and administration costs increased due to office lease expense, and non-reoccurrence of one time credit from prior year.

Significant variances between financial results Fiscal 2009/10 and target results for the year:

- Revenues declined with significant reduction of interest rates on deposits.
- General and administration costs decreased due to lower insurance expense than expected.

HIGHLIGHTS

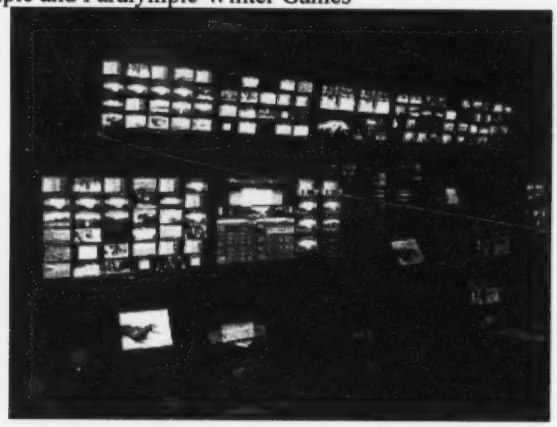
Event highlights during the year ended March 31, 2010

Vancouver Convention Centre
351 Events

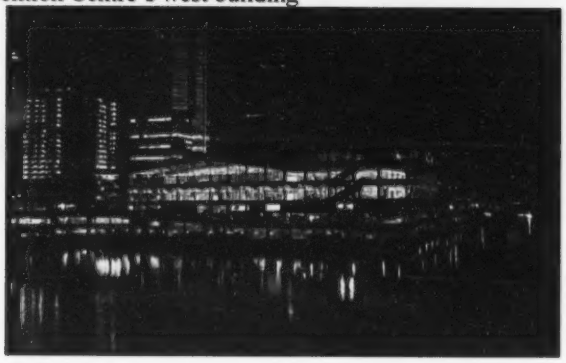
Highlights:

- Opening of Vancouver Convention Centre's refurbished east building
- American Bar Association
- American Society of Neuroradiology Annual Meeting
- Anime Evolution
- World Rose Festival
- International Fiscal Association Congress
- Arbonne - National Sales Conference
- Union of BC Municipalities
- Globe 2010

Main Media Centre for 2010 Olympic and Paralympic Winter Games



Opening of Vancouver Convention Centre's west building



HIGHLIGHTS

Event highlights during the year ended March 31, 2010

BC Place

21 Events – 224 Event Days

Highlights:

- BC Lions Regular Season Football
- Fall Gift Show
- Vancouver International Auto Show
- Vancouver Home and Interior Design Show
- EAT! Vancouver, The Everything Food + Cooking Festival 2009
- Vancouver Sun Run 2009
- ABA Beauty Show 2009

2010 Olympic and Paralympic Winter Games Ceremonies

AC/DC Black Ice World Tour Concert

U2 360 Concert Tour

APPENDIX 1
Comparison of New and Old Performance Measures and Source of Data

GOAL	Measures per 2009/10 to 2011/12 Refreshed Service Plan	Measures per 2010/11 to 2012/13 Service Plan	Reason for change in measures	Source of data
1. Maximize revenues and economic growth, and use funding in a manner that provides optimum return to the Shareholder.	Comparison of net economic benefits generated through operations	Same		The Vancouver Convention Centre uses the Mixed Model approach to measure economic Impact. It bases estimates on (a) detailed surveys of client, delegate and production spending for each event, and (b) economic impact estimates calculated through the BC Stats Input/Output model. BC Place bases estimates on the BC Stats Input/Output model, using visitor, exhibitor and producer numbers for those attending events.
	Comparison of contribution (subsidy) on operations (before depreciation) – BC Place and Vancouver Convention Centre	Measure deleted	Numerical data is reported throughout the Annual Report in more detail	
	Comparison of non-resident delegate days – Vancouver Convention Centre	Same		Actual delegate days are the number of out-of-province delegates, as supplied by show managers and tracked through the Corporate Event Management System. Estimates for future years are derived from data provided through the Corporate Event Management System.
	Comparison of year-over-year attendance – BC Place	Same		The data is generated from the ticket count of visitors at spectator events and the floor count of visitors at other BC Place events.
2. Maintain and increase client services and satisfaction.	Score on client satisfaction surveys – BC Place and Vancouver Convention Centre	Same		Data is derived from surveys sent to clients post-event.

APPENDIX 1
Comparison of New and Old Performance Measures and Source of Data

GOAL	Measures per 2009/10 to 2011/12 Refreshed Service Plan	Measures per 2010/11 to 2012/13 Service Plan	Reason for change in measures	Source of data
	Retention of existing business – BC Place	Same		The data includes the count of recurring major events for the year compared with the number of events in the previous year.
3. Maintain and improve the facilities under our management.	Margin per event (excluding football) – BC Place	Measure deleted	BC Place was closed for a significant portion of Fiscal 2009/10, and will be closed for Fiscal 2010/11. Comparisons of this data is not relevant until operations resume.	
	Achievement of major milestones on capital work programs.	Same		Milestones and construction progress is reported through monthly progress reports and Construction committee meetings. Data is collected through Oracle project management system.
4. Increase innovation, learning and growth.	Employee retention – BC Place	Same		Data is collected from Human Resources files. Retention is based on the percentage of active staff on payroll at the end of each year, as compared to staff at the beginning of the year, plus recruits during the year.
5. Effectively manage major capital work budgets, scope and schedules.		Included with Goal 3 – Maintain and improve the facilities under our management	The two goals, which were included separately following the amalgamation of VCCEP and PavCo, are more appropriately reported as a single goal.	

CONTACT INFORMATION

CORPORATE SERVICES
850 – 999 West Hastings Street
Vancouver, BC V6C 2W2
Tel: (604) 482-2200
Fax: (604) 681-9017
Email: info@bcpavco.com
Web: www.bcpavco.com

Primary Contacts
Warren Buckley, President and Chief Executive Officer
John Harding, Chief Financial Officer and Corporate Secretary

BC PLACE STADIUM
777 Pacific Boulevard
Vancouver, BC V6B 4Y8
Tel: (604) 669-2300
Fax: (604) 661-3412
Web: www.bcplace.com

Primary Contact
Howard Crosley, General Manager

VANCOUVER CONVENTION CENTRE
1055 Canada Place
Vancouver, BC V6C 0C3
Tel: (604) 689-8232
Fax: (604) 647-7232
Web: www.vancouverconventioncentre.com

Primary Contact
Ken Cretney, General Manager

BRITISH COLUMBIA
The Best Place on Earth